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POUCHED PARIS, FRANKFORT, MOSCOW.

1. For your background forthcoming talks with Morrison there is summarized below Brit pol situation and present attitudes toward US. These factors will have direct bearing on Morrison's probable attitude toward talks and his position on particular issues. We are sending in separate tels our estimate Brit preoccupations re and position on each agenda item as well as more detailed as econ situation.

2. Pol factors in polit situation here will make Morrison unusually anxious to bring home some bacon.

(a) Fall election possibility will influence Morrison's approach in talks. Govt's present majority in Commons has imposed real strain on mins and MP's and Labor's margin may be still further reduced in prospective by-elections. This wld make job of staying in office even more of a physical burden. Labor has been of two minds re election, but it seems generally agreed that it will be held by end Oct or not (rpt not) before next spring because of bleaker winter prospects in view of possible coal and power crises and diminution living standards as econ consequences def program bites deeper. However, fall election is not (rpt not) a certainty. Labor leaders wld be reluctant to give up power, and many fear consequences Tory rule. Decision re election rests with PRIMIN alone and he has not (rpt not) revealed his intentions.

(b) Latest Gallup poll shows reversal of trend toward Labor which had developed early summer and Conservatives now lead Labor by 12.5 per cent, which wld mean substantial Conservative victory. Voters main dissatisfaction with govt is cost of living. Labor has been hoping that some internatl development wld turn up to boost its popularity. This desire will be intensified in view of latest poll result.

(c) Fight with Bevan within Labor party will come to head first week in Oct at Labor party conf--shortly after Morrison returns. No one, even those stung with Bevanity, believes that Labor rebels can capture the party. But party leaders are sensitive to their criticism and do not (rpt not) want to give



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to give them ammunition. They have shown this sensitiveness in number of important ways. For example, Gaitskell's proposal to US in June for internatl commodity price stabilization agreements was made partly so he cld tell his party and country that govt, with US, was "vigorously" tackling problem of raw materials and import prices. This proposal had more form than substance, and when it got down to specifics Brit had nothing in mind. One of Bevan's chief complaints is that govt doesn't "stand up" to US; that it doesn't have courage of its convictions or use bargaining power it does possess with us. Morrison will be anxious to prove that this charge from left-wing is false.

(d) Morrison also has his troubles from the right. Conservatives claim they cld "do better" in fon policy than Labor and maintain they wld once again make Brit voice heard and heeded in world affairs. This criticism strikes home, especially when even Persians and Egyptians seem able to twist lion's tail with impunity. Sensitiveness to this criticism partially explains strong tone of Morrison's recent message to Secy on Egypt. Churchill and Eden are constant threats on fon policy questions, alert to probe for soft spots in govt's actions, and Morrison has not (rpt not) shown up well against them in Commons. He has often resorted to charges of "Tory politics" and "reaction" which have not (rpt not) helped his standing. If Labor is to secure any marginal independent support, Morrison must try to recoup loss govt will suffer because of failure in Iran by demonstrating ability to present Brit case, secure acceptance Brit point of view, and safeguard Brit interests.

3. Although Morrison will want to come home with something in hand to wave at the voter, we doubt that he will have any new major proposals of his own. Govt lacks former toughness and initiative, and is sterile in ideas. In 1945 it knew what it wanted; now (rpt now) it doesn't know where it wants to go. There has been much talk about "new directions", but neither govt nor Labor party have producing ideas or programs. Govt leadership is not (rpt not) as strong as it was. Morrison and Gaitskell are not (rpt not) equal to Bevin and Cripps. Morrison can scarcely provide inspired leadership when he seems to have few well-developed convictions himself on fon policy (see my ltr to Secy of August 23). Gaitskell is competent, and friendly to us, but his recent decision on dividends has been widely regarded as a patent political maneouver and kind of action which Cripps wld not (rpt not) indulge in. (We suspect this decision may have been forced on Gaitskell). Second-stringers, while promising, have not come up to replace old guard. In addition many govt mins are tired after ten years in office, and after particularly gruelling Parliament session this year. This was evident when House of Commons slowly came to halt early in August in atmosphere of bad temper and frustration

and frustration. While there are some factors off-setting this gloomy appraisal, result is nonetheless a lack of sharpness, vigor, and drive which has its effect throughout govt and on its fon policy. Morrison's response to Secy ltr re Ger and Eur def force is an example of a "we agree, maybe" attitude, with no (rpt no) prescription for alternative action encountered with discouraging frequency.

4. Precarious polit position of govt and signs of deterioration in econ situation will make Morrison anxious to avoid decisions which might have disagreeable polit connotations or upset balance at home. These polit forces on Morrison wld be brought directly into play, for example, in any discussion of NATO "gap" and of need for immed increases Brit def effort. Within Labor party, govt is under attack from Bevan and his group because of magnitude present program. Apart from any influence Bevan may have, Labor's rank and file generally have expressed strongest dissatisfaction with rising cost of living and profits, and how to avoid further increases is major governmental preoccupation. Furthermore, increase in def program, in economy whose resources are now fully employed, wld produce econ issues of first magnitude. This is not (rpt not) kind of bacon Morrison will want, or perhaps cld afford, to bring home.

5. Public attitudes toward US compare favorably with those prevailing last Dec when PRIMIN visited Washington. At that time widespread fear that US involvement in FE might touch off general war caused sharp criticism US on this and other issues and found dramatic expression in reaction to inaccurate reports of Pres's press conf remarks on use atomic bomb. In this setting, the Brit generally stood united behind PRIMIN viewed his mission as one to relieve world crisis, and anxiously awaited his return and news of talks with Pres. Since then there has been considerable improvement here in general attitudes toward US. While Morrison will be conscious of important domestic pol and econ forces, he will not be under same pressure as Attlee so far as attitudes toward us are concerned. There are many reasons for this improvement: There is realization following great debate that America has rejected isolationism; MacArthur's removal confirmed civilians still control US Govt; heat was taken off Ger rearmament after Eisenhower's "unwilling hessians" remarks; intl raw materials conf seems to be paying dividends; immediate danger bigger FE hostilities seems to have been removed; and Brit have appreciated Harriman's efforts in Iran.

6. Altho apart from Spain and hold up in Aust of Brit youth bound for Berlin festival, there are few specific aspects US policy which are agitating Brit public at moment, certain gen attitudes are disturbing. Both Labor's left and Conservative strongly

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strongly criticize govt for not exerting its due influence in world affairs and for not carrying out role of equal partner with US. From Labor left this criticism has strong anti-American bias, while Conservatives blame govt mismanagement and inertia rather than US. However, there is widespread opinion, shared by members govt, that US forges ahead on sometimes reckless paths regardless of others views, that we too frequently obtain agreement by coercion, and that mil considerations seem too dominant in determining our policies. Incidents in Austria when Brit youths attempted to reach Berlin festival is example to Brit public of uninhibited behavior on our part which they fear will lead to trouble. Absence multilateral approach Spanish question was deprecated even by some Conservatives. Many of those who have long accepted necessity for Ger rearmament have believed our too-fast-a-pace hindered rather than helped attainment this objective. While Brit rearmament regarded by most as essential, magnitude of def program is viewed by many as result Amer initiative and pressure. Of course, these and other similar beliefs arise in part because HMG is not sufficiently forthright itself in taking leadership and explaining facts of life and its own views to public. Altho these preoccupations continue, they are not as sharply focussed as when Attlee went to Wash last December and as described EMBTEL 3241, Dec 3, 1950.

7. Furthermore, there are some important policy differences between US and Brit which, if they spill into arena of public debate, cld have adverse effects on opinion here. We have in mind FE policy, pace we wish to set on Ger rearmament, east-west trade, ME situation, and adequacy present def effort. FE questions have been quiescent but differences may appear depending on developments Korea (EMBTEL 709, August 3) and perhaps because of Commonwealth differences arising out of Jap treaty. We doubt that past hesitations about Ger rearmament will be as great as they have been. However, on question east-west trade and ME, we feel Brit are taking firm stand and there will be little room for accommodation in their position. Besides Brit note re Kem amendment and Battle bill, Shawcross has made strong speech on necessity continuing trade with Sov bloc. Shawcross speech was largely addressed to US, and constituted public notice that govt felt limit of restrictions had been reached (EMBTEL 913, August 16). It is significant that Eden promptly applauded Shawcross views. Brit have spent anxious summer over ME problems, and now feel entire Brit position that area is at stake. Failure in Iran will stiffen their determination not to be pushed out of Egypt. They are convinced of mil necessity of keeping Suez base, and intend to do so regardless of Egypt's attitudes on def. Brit will doubtless resist efforts to increase program at this time altho their attitude will depend on many factors including way in which we meet gen problem outlined para 6 above.

8. Above analysis domestic pol forces and attitudes toward US has been

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US has been devoted mainly to problems which exist and which may influence Morrison. There are, of course, many favorable elements in Brit situation but we believe it unnecessary to elaborate on them. We shld always remember, however, that basically Brit is orderly and politically mature country; that determination to resist Sov Commie aggression is unwavering; and that if chips go down Brit will fight as they did in 1940. Furthermore, there have been substantial accomplishments here in econ field and present def program is high relative to oth. Eur countries, compares favorably with ours, and will be efficiently carried out. In addition to these generalities, Brit positions on number of specifics to be discussed Washington have moved closer to our own. For example, there is growing support for Eur def force and for our view on contractual relations with Ger, and Brit are taking more positive attitude toward questions involving west Eur integration.

9. In many fields and on many issues Brit feel themselves on the razor's edge. They are tightly stretched-possible over-extended-economically, politically, and militarily. But their will to carry out their commitments and responsibilities is strong. There is almost no evidence of any "little England" tendency. Resources and energies are being strained to maintain UK as center of empire, head of Commonwealth and controller of sterling area. And Brit generally and Morrison specifically recognize necessity closest possible Anglo-American cooperation. They are conscious of their weakness and extremely sensitive to any hint that we are not standing four-square with them. Both by conviction and circumstance they feel themselves committed to a shoulder-to-shoulder relationship with us.

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NOTE: (#) omission. Repetition requested.